

ATC Access Initiative – October 1, 2004 Customer/Stakeholder Meeting

On October 1 ATC held the latest meeting in its Access Initiative series to discuss the topic of transmission access with ATC Customers and interested Stakeholders. The purpose of this meeting series is to present and discuss the status and results of Access Initiative study work done to date, to continue to collaboratively develop and evolve the “access value case”, and to solicit feedback, reaction, and ideas from meeting participants. All initiative materials, including meeting presentations and any follow up materials, are posted on the ATC OASIS page and can be found at http://atcllc.com/oasis/Customer_Notices/Access.html.

The following organizations were represented in person or via phone at the October 1 meeting:

- Adams Columbia Electric Cooperative
- Alliant Energy
- Badger Power Marketing Authority
- Citizens Utility Board
- Dairyland Power Cooperative
- Madison Gas & Electric
- Marshfield Electric & Water
- Municipal Electric Utilities of Wisconsin
- Public Service Commission of Wisconsin
- We Energies
- Wisconsin Paper Council
- Wisconsin Public Power Inc
- Wisconsin Public Service

Following is a summary of Customer/Stakeholder feedback received at this meeting, categorized beneath the relevant meeting agenda item. If an agenda item is not mentioned below, it did not generate significant discussion, resulting in feedback or questions, at the meeting. See meeting materials for full agenda and presentation content.

Decision Matrix Feedback

The goal of the Access Initiative is to build the Access Value case for a particular set of projects that will meet the future needs of ATC customers. Each project is evaluated based on the analysis performed to date and is summarized in the Decision Matrix. ATC sought feedback from its customers and stakeholders so that the best solution for Wisconsin can be determined. The feedback received since the September 1st meeting on the Decision Matrix was reviewed.

Comments received during the meeting included discussion on Congress passing the production tax credit, which is expected to aid wind energy development. Although the tax credit is currently only extended through 2005, many are seeking to get this assistance provided in 2006 and beyond. The production tax credit may drive significant wind generation development west of Wisconsin and may make the Southwest project more attractive.

Economic – PROMOD Results and Discussion

“Book-end” analysis results were presented for base case scenarios where all constraints were fixed: 1) within ATC, 2) within the Eastern Interconnection and 3) within ATC with the

inclusion of the three leading 345 kV additions (i.e. the Byron, Prairie Island and Salem lines). The purpose of running the simulations is to identify the upper bound on savings for Wisconsin based on the production cost model currently used. Although ATC did not project construction costs to resolve all internal constraints, it is reasonably expected that the resultant carrying costs would mean less savings than one obtains by constructing one of the larger projects.

It was noted by participants that the savings could be greater in a market environment since PROMOD does not completely model market behavior in a constrained market. Additionally, the penalty (inverse of savings) produced for Wisconsin by fixing all Eastern Interconnection constraints is similar to the results of building an EHV tie to Michigan or Ontario, as shown in previous meetings.

Revised results for items discussed at the September 1st meeting were not available due to problems with simulations. These results will be presented at the November meeting.

Decision Matrix

ATC led the participants through an extended discussion of each component of the Decision Matrix, taking into account previously supplied comments from customers/stakeholders. ATC proposed removing multiple items from the Decision Matrix, which was supported by the participants. The items for removal were:

1. Chronic limits mitigated
2. Control area FCITC
3. Angular Stability Limits, under System Performance

Much of the discussion revolved around the proper weighting of the costs, benefits and impacts of the proposed projects. ATC explained the rationale for the “Economic Comparison” grouping and the “Other Factors Comparison” grouping. The items that have an easily attributed dollar value are included in the Economic Comparison and the other items, many of which are subjective measures, are grouped together in Other Factors. Participants noted that this was in line with the MISO MTEP process. Specific discussion revolved around the correct weighting for the Economic Score as compared to the Other Factors Score. One participant noted that the ranking for the Southwest project should be higher for the Other Factor, Benefits to neighboring systems given the potential benefits to entities along the Mississippi River.

ATC seeks additional comments from customers/stakeholders on the rankings and weightings in the Decision Matrix.

An updated Decision Matrix was posted on the Internet on October 6th. The files are located at: http://www.atcllc.com/oasis/Customr_Notices/Access.html

Consensus on Future Studies

There was an extensive discussion of the value of the various representative projects and the necessity of pursuing future analysis only on the direction(s) that are most promising. ATC proposed only carrying the following three projects forward for further analysis:

1. 2012 Base case plus 2 fixes
2. Byron – North Madison 345 kV

3. Salem – North Madison 345 kV

ATC noted that the further analysis will include a review of alternative projects in the same direction as the proxy project with the understanding that we have not yet decided on the final project. ATC expects that the final Access Initiative result will be a package of projects that meet the consensus goals (e.g., simultaneous import target, comparable access).

The consensus of the participants was that ATC should only pursue the three options above for further analysis. ATC is not opposed to others (e.g., DPC, SMMPA) who want to study the Prairie Island – Columbia 345 kV line but this line will not be carried forward in the Access Initiative because it is not showing the greatest benefit to ATC customers and stakeholders. Future work will be visiting with neighboring utilities to discuss further analysis.